

Message Text

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ACTION ARA-10

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INFO DIA WASHDC PRIORITY

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AMEMBASSY GUATEMALA PRIORITY

AMEMBASSY MANAGUA PRIORITY

AMEMBASSY SAN JOSE PRIORITY

AMEMBASSY SAN SALVADOR PRIORITY

C O N F I D E N T I A L TEGUCIGALPA 1513

E.O. 11652: GDS

TAGS: PINT, HO

SUBJECT: CONTINUING MEDIA AND PUBLIC REACTION TO LOPEZ/UB SCANDAL

1. NEWS AND EDITORIAL COVERAGE OF THE UB-LOPEZ AFFAIR, AFTER DIMINISHING SEVERAL DAYS AGO, HAS RESUMED ITS ORIGINAL PACE AND SHOWS NO SIGNS OF TAPERING OFF. PAPERS ARE PRINTING DAILY DECLARATIONS BY INVESTIGATING COMMISSION COORDINATOR JORGE ARTURO REINA SAYING THAT THE COMMISSIONS WORK IS PROGRESSING AND THAT THE TRUTH WILL BE FOUND. REINA HAS PROVIDED NO HINTS CONCERNING THE COMMISSIONS'S FINDINGS TO DATE. ACCORDING TO EL CRONISTA OF APRIL 17 MINECON BENNATON AND MINFIN ACOSTA BONILLA HAVE PRESENTED TESTIMONY TO THE COMMISSION WHILE FORMER FONMIN BATRES, FORMER MINGOV COLONEL MELGAR AND MINLAB FONSECA REMAIN TO BE CALLED. LA PRENSA OF APRIL 17 SAID THAT GENERAL LOPEZ APPEARED BEFORE THE COMMISSION THE EVENING OF APRIL 16, WHICH, ACCORDING TO THE PAPER, IS THE FIRST TIME A HONDURAN CONFIDENTIAL

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CHIEF OF STATE HAS PERMITTED HIMSELF TO BE QUESTIONED BY AN INVESTIGATIVE BODY. THERE WERE NO COMMENTS CONCERNING HIS TESTIMONY.

2. LA PRENSA OF APRIL 17 PUBLISHED A LONG INTERVIEW WITH FORMER FONMIN CESAR BATRES, WHO CALLED FOR NATIONAL UNITY IN THIS TIME OF CRISIS AND DENIED THE STATEMENT PUBLISHED BY EL CRONISTA (APRIL 16) THAT HE AND MINECON BENNATORN HAD FAVORED, DURING THE TAX NEGOTIATIONS WITH THE FRUIT COMPANIES, ACCEPTING THE COMPANIES' POINTS OF VIEW. HE FURTHER DENIED BEING IN ANY WAY CONNECTED TO THE ALLEGED BRIBERY. BATRES SAID THAT UB COULD BE COMPELLED THROUGH HONDURAN LEGAL PROCESS TO PRESENT ALL RELEVANT INFORMATION TO THE GOH AND SAID ALSO THAT THE US COULD BE ASKED FOR THE DATA NECESSARY TO CLARIFY THE EPISODE. THE FORMER FOREIGN MINISTER REFUSED TO COMMENT ON HIS RESIGNATION FROM THE MINISTRY, SAYING THAT IT WAS FOR PERSONAL REASONS THAT HAD ABSOLUTELY NO CONNECTION WITH THE BANANA TAX OR THE FRUIT COMPANIES.

3. LA PRENSA ALSO QUOTES COMMISSION MEMBER SERAPIO HERNANDEZ (GOH ATTORNEY GENERAL) AS SAYING THAT AMBASSADOR SANCHEZ CANNOT BE CALLED TO TESTIFY BY THE COMMISSION BECAUSE OF HIS DIPLOMATIC IMMUNITY.

4. MOST NEWSPAPERS CONTINUE TO DEVOTE CONSIDERABLE EDITORIAL SPACE TO THE SCANDAL AND BASICALLY REPEAT THE THEMES THAT HONDURAS HAS BEEN DISHONORED AND THAT THE TRUTH MUST BE FOUND IN ORDER TO BRING THE GUILTY TO JUSTICE. MANY ARTICLES CONTINUE TO INDICATE THAT THE HONDURAN PUBLIC HAS A VERY LIMITED UNDERSTANDING OF THE U.S. JUDICIAL SYSTEM AND CONFUSES THE ROLES OF THE SEC, THE U.S. SENATE AND THE DEPARTMENT OF STATE.

5. MOISES ULLOA, RADIO HRN COMMENTATOR AND VOA STRINGER, TOLD EMBOFF APRIL 16 THAT HE BELIEVES SUDDEN CHANGE IN RADIO COMMENTARY FROM REASONED ANALYSIS TO BITTER ATTACKS AGAINST UB RESULTS FROM PAYOFFS TO JOURNALISTS FROM ONE OR MORE SOURCES. THESE ATTACKS CONFIDENTIAL

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ARE DESIGNED TO DRAW ATTENTION AWAY FROM THE QUESTION OF HONDURAN OFFICIALS' GUILT AND FOCUS PUBLIC OPINION ON THE IDEA THAT THE REAL CULPRIT IS UB. HE CITED APRIL 16 RADIO COMMENTARY OF HERMAN ALLAN PADGETT AS AN OBVIOUS CASE. PADGETT PRESENTED THE THESIS THAT UB PRESIDENT BLACK HAD STOLEN THE \$1.25 MILLION AND THEN TRIED TO HIDE THE FACT BY DOCUMENTING THE MONEY AS A BRIBE TO LOPEZ. BLACK COMMITTED SUICIDE BECAUSE HE FEARED EXPOSURE.

6. ROBERTO GALVEZ BARNES TOLD EMBOFFS APRIL 16 THAT HE BELIEVED THAT THE LT. COLONELS NOW CONTROLLING THE MILITARY SHOULD FORM ANOTHER COMMISSION TO STUDY

GENERAL CORRUPTION IN THE GOH. THIS WOULD REINFORCE THEIR IMAGE OF HONESTY AND INCORRUPTIBILITY. HE ALSO EXPRESSED BASIS AGREEMENT WITH THE THESIS OF RAMON VILLEDA BERMUDEZ (LIBERA PARTY) THAT THE ARMED FORCES WOULD SOON "HAVE TO MAKE A SERIOUS DECISION" (I.E. THE REMOVAL OF LOPEZ) TO AVOID THE SPREAD OF THE IMAGE OF CORRUPTION TO THEIR OWN GROUP.

7. COMMENT: IN NUMEROUS CONVERSATIONS WITH PROMINENT HONDURANS EMBOFFS HAVE SEEN THAT THERE IS A GENERAL INCLINATION TO BELIEVE THE UB STORY, I.E. THAT A BRIBE WAS PAID TO A HIGH LEVEL GOH OFFICIAL. BEYOND THAT THERE SEEMS TO BE NO CONSENSUS AS TO THE APPROPRIATE PUNISHMENT OF THE GUILTY, DESIRABLE ACTION AGAINST THE COMPANY, THE PROBABLE FUTURE OF GENERAL LOPEZ, OR THE LONG AND SHORT TERM CONSEQUENCES OF THE SCANDAL.
SANCHEZ

CONFIDENTIAL

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SAN SALVADOR

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